D.T.E. 99-90-D

Petition of Cambridge Electric Light Company and Commonwealth Electric Company for approval of its Transition Charge Reconciliation Filing and the accompanying tariffs filed pursuant to G.L. c. 164, § 1A(a), 220 C.M.R. § 11.03(4)(e) and D.P.U./D.T.E. 97-111.

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Limited Participant

I. INTRODUCTION

On June 1, 2001, the Department issued an Order addressing outstanding issues associated with the reconciliation of Cambridge Electric Light Company's and Commonwealth Electric Company's 1998 transition, standard offer service, default service, and transmission costs. Cambridge Electric Light Company and Commonwealth Electric Company, D.T.E. 99-90-C (2001). On June 21, 2001, the Companies sought clarification of the Department's Order ("Motion") regarding two issues: (1) recovery of the two percent primary service discount; and (2) deferral of the unrecovered distribution costs. On June 28, 2001, the Attorney General filed a response to the Companies' Motion ("Response").

II. STANDARD OF REVIEW

Clarification of previously issued orders may be granted when an order is silent as to the disposition of a specific issue requiring determination in the order, or when the order contains language that is so ambiguous so as to leave doubt as to its meaning. Boston Edison Company, D.P.U. 92-1A-B at 4 (1993); Whitinsville Water Company, D.P.U. 89-67-A at 1-2 (1989). Clarification does not involve reexamining the record for the purpose of substantively modifying a decision. Boston Edison Company, D.P.U. 90-335-A at 3 (1992), citing Fitchburg Gas & Electric Light Company, D.P.U. 18296/18297, at 2 (1976).

III. TWO PERCENT PRIMARY SERVICE DISCOUNT

In their initial filing, the Companies proposed to recover through the transition charge shortfalls they attributed to the two percent primary service discount. D.T.E. 99-90-C at 50. In D.T.E. 99-90-C at 52, the Department attributed the shortfalls from the two percent primary

service discount to the Companies' accounting method. We explained that the accounting method created the shortfall because the Companies booked the primary service customers' transition charge revenues at the uniform transition charge but only received actual revenues based on a transition charge that is net of the two percent primary service discount. Id. To correct the shortfall created by the Companies' accounting method, the Department directed the Companies to discount the metered consumption instead of the rate. Id. at 52-53.

The Companies seek clarification because the Department's Order in D.T.E. 99-90-C "does not appear to address the Companies' transition charge revenue adjustment proposed to recover the 2 percent discount" (Motion at 2). Specifically, the Companies seek clarification of the Department's directive "to discount metered consumption instead of the rate" (id. at 2-3). In its response to the Companies' Motion, the Attorney General agrees that a clarification may be appropriate because the Companies are unclear as how to proceed under the Department's directive (Response at 2).

In D.T.E. 99-90-C at 52-53, the Department stated that "the appropriate treatment to account for the primary discount is through the metered consumption and not the rates." Nevertheless, the Companies state that it is unclear what precisely the Department would have the Companies do (Motion at 2). Therefore, it is appropriate for the Department to clarify this matter because our Order contains language that may be sufficiently ambiguous so as to leave doubt as to its meaning. D.P.U. 92-1A-B at 4; D.P.U. 89-67-A at 1-2.

In directing the Companies "to discount the metered consumption instead of the rate," the Department noted that the cost to the Companies to deliver electricity at the primary

voltage level is less than the cost to deliver electricity at the secondary voltage level because of lower line losses. D.T.E. 99-90-C at 52, citing Massachusetts Electric Company, D.P.U. 89-21, at 67 (1989). By discounting metered consumption, instead of the uniform transition charge, the lower line losses would be accounted for through the two percent discount to primary service customers. In turn, this method would keep the transition charge at a uniform level consistent with the Companies' Restructuring Plan. Cambridge Electric Light Company, Commonwealth Electric Company, Canal Electric Company, D.T.E. 97-111, Exh. CEC-1 at 11 (1998).[1] Therefore, no transition charge shortfall attributable to the two percent primary service discount would be incurred by the Companies.

The Companies are directed to discount the metered consumption on the schedules in their transition charge reconciliation filings.[2] This result does not in any way affect the ability of the Companies to receive full recovery of their approved transitions costs. Accordingly, the Department directs the Companies to submit their compliance filing consistent with D.T.E. 99-90-C and this clarification to that Order.

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[1] In the past, the Department has approved this method of providing primary service discount. See e.g.,Western Massachusetts Electric Company: Rate G-2 (Primary General Service, M.D.T.E. 1006G at 3); Rate T-4 (Primary General Service Time-of-use, M.D.T.E. 1007G at 3); Rate T-2 (Large Primary Service Time-of-Use, M.D.T.E. 1008G at 4). The above-listed tariffs provide that the company "may meter the electricity delivered to the customer on the higher voltage side of the service transformers, in which case the number of kWh so registered shall be reduced by two percent."

[2] To comply with our directive, the Companies do not need to change the bills of customers receiving primary service discounts.

IV. LOST DISTRIBUTION REVENUES

In their initial filing, the Companies proposed to recover, through the transition charge, lost base distribution revenues resulting from their implementation of the 15 percent rate reduction for electric consumption on and after September 1, 1999 pursuant to G.L. c. 164, § 1B(b). D.T.E. 99-90-C at 55. In D.T.E. 99-90-C at 52, the Department rejected the Companies' proposed adjustment to the transition charge. The Department stated that the method by which the Companies complied with the 15 percent rate reduction was not a statutory or Department mandate but a Company choice and that "other options were available to the Companies." Id. Furthermore, the Department stated that lost distribution revenues are not a transition cost permitted by G.L. c. 164, § 1G(b)(1). Id.

The Companies seek clarification from the Department that the Companies may defer the lost distribution revenues for recovery in the Companies' next general rate case (Motion at 5). The Companies argue that the non-recovery of these lost distribution revenues conflicts with the rate-design goals inherent in the unbundling of rates approved by the Department in D.P.U./D.T.E. 97-111 (Motion at 4). Furthermore, the Companies contend that their proposal to permit recovery of these lost distribution revenues is consistent with the Department's treatment of under-recovered farm discount revenues (id. at 5).

The Attorney General contends that, in reality, the Companies' Motion seeks reconsideration of this issue, not clarification (Response at 4). The Attorney General argues that instead of requesting recovery through the transition charge, the Companies now request that they be permitted to defer the lost distribution revenues for consideration in a subsequent

rate case (id.). The Attorney General claims that deferral of this reduction in distribution revenues should be denied for the same reasons the Department denied recovery through the transition charge, i.e., because the reduction in the distribution charges was discretionary on the part of the Companies (id. at 5).

In D.T.E. 99-90-C at 54-56, we determined whether the Companies could recover the lost distribution revenues through the transition charge. We stated that "the Companies shall not be allowed to recover any voluntary reduction in distribution revenues through the transition charge." Id. at 56. By rejecting the Companies' proposal, the Department disposed of the specific issue requiring determination. Therefore, clarification on this issue is unnecessary.[3]

V. ORDER

Accordingly, after due notice and consideration, it is

ORDERED: That the motion for clarification by Cambridge Electric Light Company and Commonwealth Electric Company regarding the two percent primary service discount is GRANTED; and it is

FURTHER ORDERED: That the motion for clarification by Cambridge Electric Light Company and Commonwealth Electric Company is DENIED; and it is

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[3] With respect to the Companies' new proposal to defer these lost distribution revenues for consideration in a subsequent general rate case, the Companies may raise any issue they want in a future proceeding. Recognition of such, however, does not imply that any particular recovery will be allowed at that time.

FURTHER ORDERED: That by Cambridge Electric Light Company and Commonwealth Electric Company the comply with all the directives in this Order.

By Order of the Department,

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James Connelly, Chairman

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W. Robert Keating, Commissioner

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Paul B. Vasington, Commissioner

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Eugene J. Sullivan, Jr., Commissioner

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Deirdre K. Manning, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).